

WATER/ABJ/HJL:jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4409

August 21, 2003

R E S O L U T I O N

(RES. W-4409), CALIFORNIA WATER SERVICE COMPANY (CWSC), BEAR GULCH DISTRICT. ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF \$1,169,200 OR 7.81% FOR INCREASES IN THE COST OF PURCHASED WATER.

SUMMARY

This Resolution authorizes CWSC to increase revenues in its Bear Gulch District by \$1,169,200 or 7.81% to offset the increased cost of purchased water imposed by the San Francisco Water Department (SFWD). By Advice Letter No. 1549, filed June 5, 2003, CWSC seeks revision of tariff Schedule No. BG-1, General Metered Service, to provide for an increase in revenues. This increase is a result of increased costs for purchased water since CWSC's present rates became effective May 13, 2003. CWSC's Bear Gulch District is not presently earning in excess of the last authorized rate of return. The offset rate increase will not result in a rate of return greater than last authorized for CWSC.

BACKGROUND

CWSC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset: (1) a \$1,158,300 increase in purchased water costs, and (2) \$10,900 in related increases in uncollectibles and franchise taxes. Effective July 1, 2003, the SFWD regulated by the San Francisco Public Utilities Commission, increased the purchased water rates charged to CWSC in its Bear Gulch District.

CWSC's Bear Gulch District serves approximately 17,350 metered customers in portions of the city of Atherton, Menlo Park, Portola Valley, Woodside and vicinity in the County of San Mateo. The present rates for CWSC became

effective on May 13, 2003, pursuant to Res. W-4393, which authorized a 12-month balancing account amortization in the Bear Gulch District.

DISCUSSION

The offset increases requested herein is for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in expenses that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

The reason for the above changes is as follows: SFWD increased its suburban wholesale purchased water rates effective July 1, 2003, from \$0.88/Ccf (One Ccf is equal to one hundred cubic feet) to \$1.10/Ccf, and connection charges increased a similar percentage. This increase results in a \$1,169,200 or 7.81% increase in purchased water costs for CWSC.

The increases in SFWD's purchased water cost are directly related to water consumption and therefore the associated rate increase for CWSC shall be applied to the quantity rates. In order to recover the higher costs, CWSC will increase its quantity charge by \$0.2131/Ccf. The monthly bill for an average residential customer utilizing 2,700 cubic feet of water per month would increase by \$5.75 from \$67.79 to \$73.54, or 8.5%.

Service by CWSC is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action. CWSC is currently earning 8.72% on a recorded basis and 8.76% on a pro-forma basis, which do not exceed its last authorized rate of return of 8.90%.

NOTICE AND PROTESTS

CWSC has given public notice of the request for an increase by publishing in a local newspaper of wide circulation in the Bear Gulch District as evidenced by a Proof of Publication provided to the Water Division by the utility. No protests letters were received concerning the proposed offset rate increase.

FINDINGS

1. Effective July 1, 2003, SFWD increased its purchased water rates from \$0.88/Ccf to \$1.10/Ccf.

2. SFWD's increase in rates will result in a \$1,158,300 increase in purchased water costs, and a \$10,900 increase in uncollectibles and franchise taxes for CWSC.
3. CWSC has requested to increase its quantity charge by \$0.2131/Ccf to offset the \$1,169,200 in increased costs for purchased water and related increases to uncollectibles and franchise taxes.
4. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. California Water Service Company is authorized, to make effective revised Schedule No. BG-1, General Metered Service, attached to Advice Letter No. 1549, and to cancel its presently effective rate schedule. The effective date of the revised schedule shall be five days after the date of this resolution.
2. California Water Service Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 21, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director